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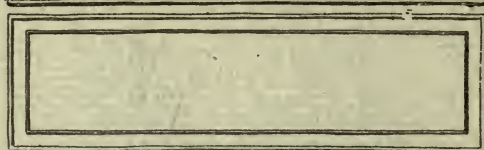
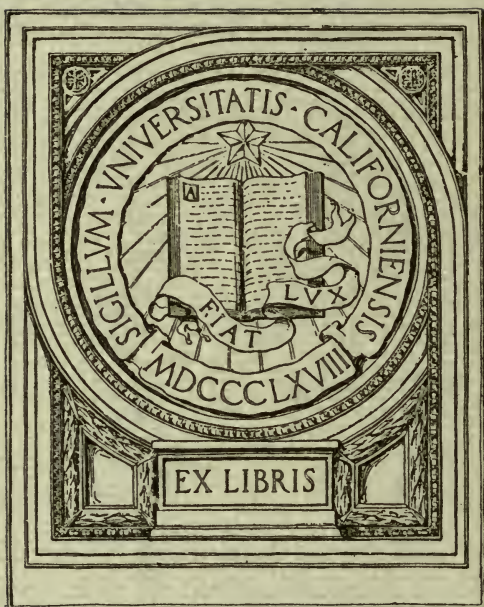
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THE
ECONOMICS *of* **WAR**

WITH SOME ARGUMENTS FOR

**BETTER PAY AND SECURITY
FOR THOSE
SERVING THEIR COUNTRY**

By
“ECONOMIST”

**PRICE THREEPENCE
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(The profits on this Pamphlet
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Wales's Fund)

LONDON
P. S. KING & SON
ORCHARD HOUSE, WESTMINSTER
1914

THE ECONOMICS OF WAR

WITH SOME ARGUMENTS FOR
BETTER PAY AND SECURITY FOR THOSE
SERVING THEIR COUNTRY

By
"ECONOMIST"

I.
SCARCITY AND DEARNESS OF NECESSARIES

II.
MAINTENANCE OF EMPLOYMENT AND
NATIONAL SERVICE

III.
WAR, AND EDUCATION



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PREFACE

THE conviction is daily growing that honour requires us, from our uniquely favourable and aloof position in this war, not only to offer to our allies all our fighting strength available, but such a bulwark of economic stability and elasticity as they can rest on in their corresponding economic disaster. From another aspect, at the very beginning of the war, it was properly urged: Let not those amongst ourselves, whose means are narrowest, be allowed more suffering in the war than falls to the share of all of us. And these two must clearly be, during the war, the nation's chief economic aims.

In these three short papers an attempt is made to bring into line some of the proposals advocated from various points of view. For many they will contain merely what is obvious: but it is hoped that they will be of use in helping others to understand, fit in with, and assist public policy, as chance offers.

THE ECONOMICS OF WAR

SCARCITY AND DEARNESS OF NECESSARIES

N ECESSARIES of life are bound to become scarce and scarcer. However much our own six months' supply, which was said to be in hand at the beginning of the war, is husbanded, to whatever extent resourcefulness discovers "necessary" sustenance in hitherto unexpected quarters, whatever attention is paid to winter crops and to the mothers of future live stock, whatever insurance there may be of sea-borne trade and fishing boats, this scarceness will develop. It is important, firstly, to insist on the value of all these measures. It is important, secondly, to face the fact that ultimately the moment may arrive when, quite apart from rise in prices, scarcity alone will compel Government to limit the daily ration for all. It is important, thirdly, to recognise that before that ultimate moment arrives prices will rise not only from unpatriotic cornering and taking advantage of scarceness, but from the inevitable increase of labour and precaution required for bringing goods to market, and that, though for a while this upward rise will be too slight to merit public attention, a preliminary day may also arrive when, in the interests of those of low wages, it will be advisable for Government to buy necessities at a higher price and sell them at a lower.

MAINTENANCE OF EMPLOYMENT AND NATIONAL SERVICE

MORE complicated is the problem how, with the least possible machinery and expenditure, to keep or place all in employment and thus in a position to obtain a share of such limited amount of necessities as is available—in other words, how to keep each particular

person from starvation until all starve together. It is this aim which is valuably preached in the programme "Business as Usual": although in recognising the value of that programme it must be insisted also that it does not profess to be able to increase the supply of necessities (so effective is the demand for these that, wherever circumstances allow, employment in their production will continue without any special pleading), and that it does not lead to the achievement of any work of high national value: it only professes to persuade people to demand articles of relatively second-rate or even of no importance, that as many people as possible may remain in some sort of employment and have that entitlement to necessities which employment confers.

Now, even in ordinary times, as is well known, dislocation from work is of frequent occurrence; it accompanies, for instance, most improvements in production, changes in fashion and in individual expenditure, and especially the success of one firm or person in attracting custom formerly held by another; some trades have some or even all of their members chronically on the verge of dislocation. The re-establishment of the dislocated into the economic and industrial circle is of notoriously painful difficulty; perhaps, of all things, is elasticity in this respect at the very root of a nation's happiness, stability, and capacity for taking a line in big affairs; at any rate, big, although imperceptible, dislocations are gradually becoming recognised as the outcome of national conditions and therefore proper to be settled by combined national effort and at national expense. Of many remedies, the chief hope is, generally, that some new pressing demand for service will be discovered (say, a new "booming" country to be developed), into which service some can throw themselves, earn wages, have satisfiable demands, require the service of others (who in their turn will require that of others again), and, as it were by a magic wand, increase indefinitely the embrace of the industrial circle. Concentration on one definite direction of service can thus revivify a whole group of varied workers. And it is becoming felt that expenditure of taxpayers' money

even on some relatively unproductive concern—say, a dull public building—is both fair and economically justified, if at a time of need it gives a start to this self-continuing operation.

In war dislocation is worse than ever, obviously, and even more than in peace clearly a national matter. As regards cause: raw material is wanting; markets fail; customers economise; in spite of precautions to establish finance and currency on a firm basis, some insecurity is felt. As regards remedy: both by those who understand the ultimate effects of assured and well-distributed demand for service, and by those who see only the employment given by the first step itself, the commencement of public building is advocated, for the employment it will afford, at the rate-payers' and taxpayers' expense; or it is advocated that employers should keep on all possible hands—at reduced wages, if necessary. And, indeed, although no doubt differing in respect of the usefulness of the work thus achieved, all these schemes—the Local Government Board Housing Scheme at £4,000,000, Municipal Building Schemes, “Business as Usual”—are sound, if expensive, and justifiable (as long as they do not offer work so obviously useless as to be farcical and degrading).

It is here that a new standpoint sheds light, and points to one particular vivifying direction for service, of unique importance.

Many are feeling, as both against the taxpayer and against respectable and useful people earning wages, salaries, profits, in various trades, that those engaged in dangerous war service are seriously underpaid. This underpayment is more a relic of years than the result of any maintained theory. It has perhaps escaped the criticism it deserves, because of the fact that Continental armies are also poorly paid; although the case of conscript armies is quite different, since in them the sole effect of high pay would be that each man as taxpayer would be paying himself as soldier. And it deserves especial criticism in modern days of economic anxiety, since almost

every working man who contemplates serving as soldier has ties he cannot neglect, and hesitates to risk permanent dislocation from the industrial circle. It would be then but justice to pay for war service at least the payment of a skilled workman, with, as part of payment, pension on a similar scale for a man on disability, and for his dependents if he were to be killed; and further to ensure, to those dislocated from employment, work for the nation, on discharge from war, for at least two years. And to the statesman, confronted with the necessity of amply paying some selected public service, to set in motion, all over the country, demand for further service, seeking some compelling direction in which to ask men and women to adapt their services, feeling that he must content himself with buildings or even with the creation of luxuries, the fulfilment of the above ideal, so far from seeming impossible, appears as the fulfilment, too, of his task in the best possible way. If, as may be assumed, those serving the country are drawn from all parts, the effect on employment of the receipt, by all dependents of those serving, of high regular pay would be incalculable.

And such a facing of national obligations would not only give confidence to the taxpayer, who at present feels shamefacedly that he is hardly called upon to deny himself a luxury, but would make us a more adaptable and economically elastic people for future occasions too. Thus, whether we now devote our superfluous service straight in the direction of the needs of war or attempt to supply by its means the ordinary products of peace time, there is bound to be further dislocation of some size when war ceases and the expenses of war have to be made good to the detriment of private demand for service. And big organised public demand for service will again be needed to set in motion the wheels of employment (and, incidentally, the promise of steady work to those serving in war will be thus redeemable without further trouble); and, again, it can only be the few who can be selected for immediate work, while to the remainder can only be offered the opportunity of readjusting themselves with reasonable facility. And the sooner this question of

capacity for readjustment is faced, not necessarily by individuals, but rather by trades, the better.

So far there has been no mention of relief—only of the readjustment of employment, which must, of course, be first attempted. At the same time, where readjustment is impossible for any special reason, there is reason for aid—also, usually, in a special way. Thus, to allow children to be underfed is admissible on no theory of avoidance of “mere relief”; that the difficult task of widows with small children will be rendered often beyond their powers is also obvious; even a small rise in prices will hit over those invalids who hitherto have just made two ends meet. On the other hand, to disburse, save in return for valuable service, money likely to be badly spent, is clearly an unjustifiable waste.

WAR AND EDUCATION

IT is being urged that, where work is scarce and dislocation pressing, young people to whom earning is not a necessity should for the time stand down in favour of those with dependents, and take some part in war service. The following seems to be the educational side of the matter.

It is generally admitted that in seeking “education” one is hoping to acquire: (i) Various technical skill fitting one for life, earning and utility; (ii) habits of mind and character, sense of purpose, concentration, ability to face facts, “know the world,” obey limitations, seize opportunities, understand humanity—to, in short, take hold on life and not drift.

In ordinary times the above total aims are hard to embody in any one plan of education. What is right for each one depends on circumstances and nature. Sometimes the predominant necessity for firm power and the facing of facts is the earning of money, at all costs, to help others. Sometimes entry to a congenial profession is securable only by unceasing preparation for examination, valueless in itself

often, yet "educational" in that it is the right thing to do under the circumstances. Sometimes—so great for some is the difficulty of recovery from dislocation—it is "educational" to abide in whatever niche one has. But others are free from all three types of limitation. Confidence in ability and opportunity may point to change as the best means of development. And, while for some their professions offer within themselves the means of change, others have sought it outside their profession and have found the risk thus taken, in alternating doing with learning, to be justified.

In time of war two particular means of education offer themselves. Firstly, the economic life of a nation becomes more intelligible, explicit, and easy to grasp than when overcast by the conflicting interests of peace time. Thus the principle that wealth should be the reward of service stands out then clear-cut and appealing. Secondly, there are opportunities in war to follow enthusiastic and capable leadership, in work calling both for discipline and resource, among those anxious to get the best from one, such as may otherwise be denied to some whether in education or industry. Where the limitations mentioned in the previous paragraph are not in operation, there need be no fear that war service is "bad for education."

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